







The Market

DB transfers

- Safeguarded benefits must be advised by an FCA authorised adviser
- Investment advice cannot be separated from pension transfer advice
- FCA now cross-border regulators?
- Opportunities in the secondary legislation
- FCA have created a market for DB advice for non UK advisers

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Outlook summary of our views

...but the outlook is fine

- "Secular moderation." The global economy is likely to continue to grow at a 3% rate on a ppp basis, 2.5% in \$, Even the Eurozone (overall) and Japan should see modest growth.
- The P/E ratio for the global equity markets, on a prospective basis, moved from reasonable in December to fully priced in January. Progress from here is dependent on earnings growth coming through.
- The long term trend remains firmly upwards but a short term setback or consolidation is increasingly likely.
- **Equities:** valuations are above the recent range and earnings forecasts are seeing persistent downgrades.
- **Equity flows:** Japan, private equity and small & mid cap. US allocations are likely to fade.
- **Bonds:** DfI government bonds have reached our targets; further upside is limited. Credit spreads, though narrow are likely to be stable for now. There is reasonable long term value in local currency EMU.
- **Commodities:** expectations of a speedy recovery in the oil price are likely to be disappointed. Gold equities are benefiting from a firm gold price, despite a rising dollar, and from falling costs.
- **Emerging markets:** equity markets are good value on both a medium and long term basis but operating performances need to improve. EMU spreads are reasonable but FX is still vulnerable to dollar strength.
- **Conclusion:** there is a strong consensus in favour of the dollar but the yen is now cheap and sterling is back to fair value. Quantitative easing hangs over the Euro, which has further downside in due course.

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REDUCING THE NATIONAL DEBT

Increase headline
tax rates



Impose
'stealth taxes'



Cut public
sector spending



Grow the
economy



Legislate against
tax avoidance



Attack
tax evasion



Eradicate
anomalies







































